

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-10 FRB-01 INR-07 IO-10 NEA-09 NSAE-00 OPIC-06

SP-02 TRSE-00 CIEP-02 LAB-04 SIL-01 OMB-01 STR-04

INT-05 L-02 OIC-02 FEAE-00 ( ISO ) W

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TO SECSTATE WASH DC 5393

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DEPT PASS COMMERCE

E.O. 11652: N/A

TAGS: EIND, OECD

SUBJECT: AD-HOC WORKING PARTY ON IRON AND STEEL,  
JANUARY 30-31

REF: DIE/IND/74.58 (FINAL)

1. SUMMARY. THE AD-HOC WP ON IRON AND STEEL MET JAN. 30-31 TO EXAMINE THE GENERAL MANDATE GIVEN BY INDUSTRY COMMITTEE TO PREPARE STUDY OF ADAPTATION PROCESS. REPORT, TO BE COMPLETED IN TWELVE MONTHS, WILL FOCUS ON IMPACT OF PRICES/AVAILABILITY OF ENERGY AND RAW MATERIALS. US DEL SUCCESSFULLY BLOCKED EFFORTS TO EXTEND MANDATE BEYOND YEAR. CONSULTANTS WILL PREPARE REPORT. US DEL COMPOSED OF MISSION OFFICER AND INDUSTRY ADVISORS EDWARD FLORKOSKI, AMERICAN IRON AND STEEL INSTITUTE, AND WILLIAM TAYLOR, US STEEL. END SUMMARY.

2. AGENDA ITEMS 1 AND 2 - AGENDA APPROVAL AND BUREAU ELECTIONS.

WP APPROVED AGENDA. JENKINS (UK) AND ROSS (CANADA) WERE UNCLASSIFIED

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ELECTED CHAIRMAN AND VICE-CHAIRMAN RESPECTIVELY OF WP.

(SINCE BUREAU WILL COORDINATE WORK OF CONSULTANTS, ROSS NOMINATION THE RESULT OF US DEL INITIATIVE TO INSURE THAT FINAL REPORT (1) ADHERES TO WP TERMS OF REFERENCE AND (2) REFLECTS NORTH AMERICAN INTERESTS.)

3. AGENDA ITEM 3 - GENERAL MANDATE.

DISCUSSION WAS LENGTHY AND LACKED FOCUS. WP AGREED THAT PRICE AND AVAILABILITY OF ENERGY/RAW MATERIALS ARE HIGHEST PRIORITY CONCERNS (DIE/IND/74.58, ITEM A). WP DECIDED NOT TO STUDY INTERRELATIONSHIP BETWEEN INFLATION AND SECTOR ACTIVITY (DIE/IND/74.58, ITEM B) SINCE EARLIER REPORT "INVESTMENT PROBLEMS IN THE IRON AND STEEL INDUSTRY" IS STILL VALID. HOWEVER, A NUMBER OF DELEGATIONS UNDERLINED "CONSIDERABLE IMPORTANCE" OF EXCHANGE OF INFORMATION ON INVESTMENT PROJECTS, AND ATTEMPTED TO WRITE INTO CURRENT MANDATE THE NEED FOR CONTINUOUS STUDY OF IRON AND STEEL INVESTMENTS. WHILE US DEL AGREED WITH UTILITY OF SUCH STUDIES, HE NOTED THE PROPOSED INSTITUTIONALIZATION OF THE AD HOC WP CLEARLY EXCEEDED THE IC'S MANDATE TO THE WP. THE CHAIRMAN, CANADIAN AND AUSTRALIAN DELEGATES CONCURRED, AND PROPOSAL WAS WITHDRAWN.

4. WP DID NOT CONSIDER "RELATIONS BETWEEN COUNTRIES AT DIFFERENT STAGES OF DEVELOPMENT" (ITEM E) OF SPECIAL RELEVANCE TO IRON/STEEL SECTOR. USDEL, SUPPORTED BY SEVERAL DELEGATIONS, SUGGESTED THAT ITEM E IS A TRADE MATTER AND MTNS IS MOST APPROPRIATE FORUM FOR ITS DISCUSSION. HOWEVER, MORE AS RESULT OF DEFT CHAIR AND SECRETARIAT MANOEUVERING THAN GENUINE EXPRESSION OF INTEREST, WP CONCLUDED STUDY SHOULD TAKE INTO ACCOUNT "RELATIONS BETWEEN OECD COUNTRIES, OTHER INDUSTRIALIZED

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COUNTRIES, AND COUNTRIES AT DIFFERENT STAGES OF DEVELOPMENT".

5. AGENDA ITEM 4 - SPECIFIC TERMS OF REFERENCE.

WP AGREED TO REPORT ON:

(A) IMPLICATIONS FOR IRON/STEEL INDUSTRY OF CHANGES IN AVAILABILITY AND RELATIVE LEVEL OF ENERGY PRICES, INCLUDING SUBSTITUTION OF ENERGY AND ENERGY RECYCLING POLICIES (DIE/IND/74.58, ANNEX, ITEMS A AND C);  
(B) IMPLICATIONS OF CHANGES IN AVAILABILITY AND RELATIVE PRICE LEVELS OF RAW MATERIALS, ESPECIALLY SCRAP AND IRON ORE. STUDY WILL CONSIDER SUBSTITUTION, RECOVERY AND RECYCLING POLICIES. PURPOSE OF STUDY IS TO REVIEW MEMBER COUNTRY POLICIES TO "FACILITATE THE ADAPTATION PROCESS" AND IDENTIFY "ANY MODIFICATIONS OR NEW INITIATIVES WHICH COULD ENHANCE THE PROCESS".

6. METHOD OF WORK

SECRETARIAT WILL CONTRACT TWO EXPERTS TO PREPARE SEPARATE REPORTS ON ENERGY AND RAW MATERIALS. THE ENER-UNCLASSIFIED

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GY REPORT WILL BE SUBMITTED TO SECRETARIAT AND BUREAU (SEE PARA 2 ABOVE) IN MAY FOR REVIEW AND THE FORMULATION OF PRELIMINARY CONCLUSIONS. REPORT AND CONCLUSIONS WOULD THEN BE PRESENTED TO WP IN MAY-JUNE. SAME PROCEDURE TO BE FOLLOWED FOR SUBSEQUENT RAW MATERIALS REPORT.

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
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**TAGS:** EIND, ETRD, OECD  
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